

PROVIDING HOUSING RELIEF IN THE MISSOURI-KANSAS- OKLAHOMA DISASTER EMERGENCY

JULY 31, 1951.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. BOLLING, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany H. J. Res. 303]

The Committee on Banking and Currency, to whom was referred the joint resolution (H. J. Res. 303) to provide housing relief in the Missouri-Kansas-Oklahoma disaster emergency, having considered the same, report favorably thereon with amendments and recommend that the joint resolution as amended do pass.

The amendments are as follows:

1. Page 1, line 4, after the word "amended" insert "(1) by inserting after the word 'construction' in both places where it appears therein the words 'or reconstruction' and (2)".

2. Page 1, line 10, strike out "satisfaction" and insert in lieu thereof "satisfaction".

3. Page 2, line 1, immediately following "destroyed" insert the following: "or damaged to such an extent that reconstruction is required".

The immediate enactment of this joint resolution is urgently needed to help relieve suffering and hardship caused by the lack of shelter in the flood-disaster areas of Missouri, Kansas, and Oklahoma.

The first section of the joint resolution would amend the National Housing Act to permit more liberal mortgage insurance for those building low-cost homes to replace their homes lost in a flood or other major disaster. To take advantage of these terms, such a person would have to establish that his home, which he occupied as owner or tenant, was destroyed or damaged to the extent of requiring reconstruction as a result of a flood or other catastrophe which the President has declared to be a major disaster under the Disaster Relief Act (Public Law 875, 81st Cong.). The insured mortgage in these cases could equal 100 percent of the value of the property, as compared to 95 percent authorized for low-cost homes under present law.

This new FHA insurance authority for disaster areas would be included in section 8 (title I) of the National Housing Act relating to very low-cost houses in urban, suburban, and rural areas. Thus, some of the requirements of title II (covering the regular FHA mortgage-insurance program), which would not be practicable with respect to housing for persons in areas of floods or other catastrophes, would not be applicable to this disaster program. These requirements relate to such matters as property location and the standards used for determining "economic soundness" under title II.

The maximum mortgage amount provided in section 1 of the joint resolution is \$7,000, or in high-cost areas, \$8,000. These correspond to the values of low-cost houses for which maximum 95-percent mortgages can be insured under the existing provisions of title II (sec. 203 (b) (2) (D)). However, the insertion of this new authority in section 8 of the National Housing Act would apply only to disaster areas.

Section 2 of the resolution would amend the Disaster Relief Act (Public Law 875, 81st Cong.) to authorize Federal agencies, when directed by the President, to provide temporary housing or other emergency shelter for families who, as a result of a major disaster, require such shelter. This shelter would be provided out of funds otherwise available for relief activities under Public Law 875 and subject to the applicable provisions of that law. This section of the resolution would permit the Government to furnish trailers and other portable housing to meet the temporary-shelter needs of families in disaster areas. There is a vital need for the Government to furnish this aid at once in the present flood areas. At present there is no legislative authority for the Government to meet this need.

Your committee urges the immediate enactment of this joint resolution.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT

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SEC. 8.

(b) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$4,750, except that the Commissioner may by regulation increase this amount to not to exceed \$5,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property, urban, suburban, or rural upon which there is located a dwelling designed principally for a single-family residence, the construction of which is begun after the date of enactment of the Housing Act of 1950, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling, in which

case the principal obligation shall not exceed \$4,250, except that the Commissioner may by regulation increase this amount to not to exceed \$5,000 in any geographical area where he finds that cost levels so require, and shall not exceed 85 per centum of the appraised value of the property: **[And provided]** *Provided further*, That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas: *And provided further*, That, where the mortgagor is the owner and occupant of the property and establishes (to the satisfaction of the Commissioner) that his home, which he occupied as an owner or as a tenant, was destroyed as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe, which the President pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), has determined to be a major disaster, such maximum dollar limitations may be increased by the Commissioner from \$4,750 to \$7,000, and from \$5,600 to \$8,000, respectively, and the percentage limitation may be increased by the Commissioner from 95 per centum to 100 per centum of the appraised value;

(3) have a maturity satisfactory to the Commissioner but not to exceed thirty years from the date of insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the Commissioner requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Commissioner;

(5) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time;

(6) provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided and to the service charge, if any) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, service charges, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, and other matters as the Commissioner may in his discretion prescribe.

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PUBLIC LAW 875, EIGHTY-FIRST CONGRESS

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Sec. 3. In any major disaster, Federal agencies are hereby authorized when directed by the President to provide assistance (a) by utilizing or lending, with or without compensation therefor, to States and local governments their equipment, supplies, facilities, personnel, and other resources, other than the extension of credit under the authority of any Act; (b) by distributing, through the American National Red Cross or otherwise, medicine, food, and other consumable supplies; (c) by donating to States and local governments equipment and supplies determined under then existing law to be surplus to the needs and responsibilities of the Federal Government; and (d) by performing on public or private lands protective and other work essential for the preservation of life and property, clearing debris and wreckage, making emergency repairs to and temporary replacements of public facilities of local governments damaged or destroyed in such major disaster *providing temporary housing as other emergency shelter for families who, as a result of such major disaster, require temporary housing or other emergency shelter*, and making contributions to States and local governments for purposes stated in subsection (d). The authority conferred by this Act, and any funds provided hereunder shall be supplementary to, and not in substitution for, nor in limitation of, any other authority conferred or funds provided under any other law. Any funds received by Federal agencies as reimbursement for services or supplies furnished under the authority of this section shall be deposited to the credit of the appropriation or appropriations currently available for such services or supplies. The Federal Government shall not be liable for any claim based upon the exercise or performance or the failure to exercise or perform a discretionary function or duty on the part of a Federal agency or an employee of the Government in carrying out the provisions of this section.

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